

This is a translation of the original Japanese “Notice of the 110th Ordinary General Meeting of Shareholders” prepared for the convenience of non-Japanese speakers. Should there be any discrepancy between any part of this translation and the original Japanese text, the latter shall prevail.

Securities Code No. 9062
June 8, 2016

To Our Shareholders

9-3, Higashi-Shimbashi 1-chome, Minato-ku, Tokyo
NIPPON EXPRESS CO., LTD.
Kenji Watanabe
President and Representative Director

NOTICE OF THE 110TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

We would like to take this opportunity to convey our deepest condolences to those affected by the 2016 Kumamoto Earthquake and hope for a rapid recovery for the areas affected by this disaster.

You are cordially invited to attend the 110th Ordinary General Meeting of Shareholders of NIPPON EXPRESS CO., LTD. (the “Company”).

If you are unable to attend the aforesaid meeting, you can exercise your votes through either of the methods stated below. The Company respectfully requests that you review the “Reference Material Concerning the General Meeting of Shareholders” below and exercise your voting rights on or before 6:00 p.m. (JST) June 28, 2016 (Tuesday):

[By mail]

Please indicate on the Voting Right Exercise Form enclosed herewith your consent or dissent to the proposals on the agenda, and return the form to the Company by mail on or before the time limit stated above.

[Via the Internet]

When exercising your right via the Internet, please carefully read Guidance regarding the exercise of voting rights via the Internet in the “Procedures for Exercising Voting Rights via the Internet” stated in page 3 of the Japanese original version (*Note: intentionally omitted as Internet voting service is only available in Japan with the Japanese language*).

(Note: The Company participates in the ICJ platform for institutional investors to vote from ProxyEdge® system of Broadridge. For further details, please consult with your custodian(s), nominee(s) and/or broker(s). Voting via Internet other than ICJ platform is only available for registered shareholders in Japan with Japanese language only.)

*(Note to shareholders residing outside Japan)
Your vote is important. We will appreciate your participation in the meeting of this Ordinary General Meeting of Shareholders of the Company through providing instruction to your custodians, brokers, nominees, voting agents or other authorized intermediaries to process your vote as soon as possible. We look forward to receiving your vote.*

- ⊙ When you attend the meeting, please submit the enclosed document for the exercise of voting rights to the receptionist at the meeting place.
- ⊙ In the event that any event occurs to amend the items to be presented in the Reference Document Concerning General Meeting of Shareholders, the Business Report, Consolidated Accounting Documents and Non-Consolidated Accounting Documents, please be informed that the Company will display the amended items on the Company's website (<http://www.nittsu.co.jp/>).

Particulars

- 1. Date and Time:** 10:00 a.m. on June 29, 2016 (Wednesday)
- 2. Place:** Large Conference Room, on the 2nd floor of Nippon Express Co., Ltd.
9-3, Higashi-Shimbashi 1-chome, Minato-ku, Tokyo
(Please refer to the guidance map to the place of the meeting stated at the end of this document.)

3. Objectives of the Meeting

Matters to be reported:

Report on Business, the Consolidated Accounting Documents, the Non-Consolidated Accounting Documents for the 110th Business Term (from April 1, 2015 to March 31, 2016), and the Report on the Results of Audit of Consolidated Accounting Documents by Accounting Auditor and Audit & Supervisory Board.

Matters to be resolved:

Proposal 1: Proposed Disposal of Surplus

Proposal 2: Election of Fifteen (15) Directors

Proposal 3: Election of Three (3) Audit & Supervisory Board Members

Proposal 4: Introduction of Performance-based Stock Compensation Plan for Directors, etc.

Proposal 5: Presentation of Bonuses to Directors

4. Guidance for Exercising Voting Rights:

(Please refer to the [Guidance for Exercising Voting Rights] in the next page.)

(Note: This paragraph intentionally omitted as the Internet voting service is only available in Japan with the Japanese language)

- End -

<About the platform for exercising voting rights>

Nominal owners such as management trust banks (including standing proxies) may make prior application to use the electronic voting rights exercise platform (the so-called “TSE platform”) as an electronic method for exercising voting rights for this ordinary general meeting of shareholders instead of exercising the voting rights via the Internet.

Reference Material Concerning General Meeting of Shareholders

Proposals and References Materials

Proposal 1: Proposed Disposal of Surplus

While securing internal reserves to prepare for stronger management base and financial standing and taking into comprehensive consideration profit situation, dividend ratio, etc., the Company proposes that the year-end dividend for the business year under review be made at Yen 6 per share of common stock of the Company by increasing Yen 1 per share compared with the year-end dividend of the previous business year.

Matters related to year-end dividend

- (1) Kind of dividend property: Cash
- (2) Matters related to distribution of cash and total amount:
Yen 6 per share of common stock of the Company
The total amount: 6,005,586,738 yen
- (3) Effective date for distribution of surplus: June 30, 2016

Proposal 2: Election of Fifteen (15) Directors

The terms of office of all the 15 Directors will expire at the closing of this Ordinary General Meeting of Shareholders. It is proposed that fifteen (15) Directors be elected, including three Outside Directors.

The candidates for Directors are listed below.

Candidate Number	Name (Date of Birth)	Profile (Position and Responsibilities, and Important Position of Other Organizations Concurrently Assumed (if any))	Number of Company's Shares Held by Candidate
1	Masanori Kawai (September 30, 1943)	April 1966 Joined the Company June 2001 Director and Executive Officer June 2003 Executive Vice President and Representative Director, Chief Operating Officer May 2005 President and Representative Director, Chief Executive Officer June 2011 Chairman and Representative Director (Incumbent)	295,000

Candidate Number	Name (Date of Birth)	Profile (Position and Responsibilities, and Important Position of Other Organizations Concurrently Assumed (if any))	Number of Company's Shares Held by Candidate
2	Kenji Watanabe (February 3, 1950)	<p>April 1972 Joined the Company</p> <p>May 2005 Executive Officer, Regional General Manager, No. 9 Region, and General Manager, Osaka Branch</p> <p>June 2005 Director and Executive Officer, Regional General Manager, No. 9 Region, and General Manager, Osaka Branch</p> <p>May 2007 Director and Senior Managing Executive Officer, Regional General Manager, Tokyo Metropolitan Region, and General Manager, Tokyo Branch</p> <p>May 2009 Executive Vice President and Representative Director, Chief Operating Officer</p> <p>June 2011 President and Representative Director, Chief Executive Officer (Incumbent)</p>	224,030
3	Akira Ohinata (October 27, 1953)	<p>April 1976 Joined the Company</p> <p>May 2009 Executive Officer</p> <p>June 2009 Director and Executive Officer</p> <p>June 2011 Director and Managing Executive Officer, General Manager, Corporate Planning Division</p> <p>October 2011 Director and Managing Executive Officer</p> <p>May 2014 Executive Vice President and Representative Director, Chief Operating Officer (Incumbent)</p> <p>(Duties in charge) Chief Managing Officer, Global Sales Strategy Headquarters, and in charge of Electronic Commerce Business Division</p>	116,000
4	Mitsuru Saito (September 22, 1954)	<p>April 1978 Joined the Company</p> <p>May 2009 Executive Officer, Regional General Manager, Tohoku Region and General Manager, Sendai Branch</p> <p>May 2012 Managing Executive Officer</p> <p>June 2012 Director and Managing Executive Officer</p> <p>May 2014 Executive Vice President and Representative Director, Chief Operating Officer (Incumbent)</p> <p>(Duties in charge) Chief Managing Officer of Administration Headquarters, and in charge of Business Profit Improvement Promotion Division</p>	95,000

Candidate Number	Name (Date of Birth)	Profile (Position and Responsibilities, and Important Position of Other Organizations Concurrently Assumed (if any))	Number of Company's Shares Held by Candidate
5	Yutaka Ito (May 15, 1955)	<p>April 1978 Joined the Company</p> <p>March 2012 Executive Officer</p> <p>June 2012 Director and Executive Officer</p> <p>October 2014 Director and Executive Officer, General Manager, Air Cargo Business Division</p> <p>May 2015 Executive Vice President and Representative Director, Chief Operating Officer (Incumbent)</p> <p>(Duties in charge) Chief Managing Officer, International Business Headquarters</p>	45,000
6	Takaaki Ishii (October 12, 1954)	<p>April 1978 Joined the Company</p> <p>June 2005 General Manager, Kansai Airport Branch</p> <p>May 2007 General Manager, International Freight Division, Tokyo Air Service Branch</p> <p>May 2009 General Manager, Corporate Planning Division</p> <p>June 2010 General Manager, Corporate Planning Division, and General Manager, Real Estate Development Division</p> <p>June 2011 Executive Officer, Regional General Manager, North Kanto & Shin-Etsu Region, and General Manager, Gunma Branch</p> <p>December 2013 Executive Officer</p> <p>May 2014 Managing Executive Officer</p> <p>June 2014 Director and Managing Executive Officer</p> <p>May 2015 Director and Senior Managing Executive Officer, Regional General Manager, Kanto Region, and General Manager, Air Freight Business Branch (Incumbent)</p> <p>(Duties in charge) Regional General Manager, Kanto Region, and General Manager, Air Freight Business Branch</p>	58,000

Candidate Number	Name (Date of Birth)	Profile (Position and Responsibilities, and Important Position of Other Organizations Concurrently Assumed (if any))	Number of Company's Shares Held by Candidate
7	Takumi Shimauchi (May 5, 1954) New Candidate	<p>April 1978 Joined the Company</p> <p>April 2002 General Manager, Otake Branch</p> <p>February 2005 General Manager, Fukuyama Branch</p> <p>May 2006 General Manager, Hiroshima Marine Transport Branch</p> <p>May 2008 General Manager, Business Division</p> <p>May 2009 Executive Officer, Regional General Manager, Chugoku Region, and General Manager, Hiroshima Branch</p> <p>May 2012 Managing Executive Officer, Regional General Manager, Chugoku Region, and General Manager, Hiroshima Branch</p> <p>May 2014 Managing Executive Officer (Incumbent)</p> <p>(Duties in charge) In charge of Sales Promotion Division, Government Business Division and Resource Recycling Sales Division</p>	88,030
8	Hisao Taketsu (January 18,1958)	<p>April 1981 Joined the Company</p> <p>June 2004 Group General Manager, General Affairs & Labor Division Personnel and Competence Development</p> <p>May 2007 General Manager, Kanazawa Branch</p> <p>May 2009 General Manager, Business Division</p> <p>June 2011 Executive Officer, Regional General Manager, Shikoku Region, and General Manager, Shikoku Branch</p> <p>May 2013 Executive Officer</p> <p>May 2014 Managing Executive Officer, Regional General Manager, Tokyo Metropolitan Region, and General Manager, Tokyo Branch</p> <p>June 2014 Director and Managing Executive Officer, Regional General Manager, Tokyo Metropolitan Region, and General Manager, Tokyo Branch</p> <p>May 2015 Director and Managing Executive Officer, General Manager, Tokyo Metropolitan Branch (Incumbent)</p> <p>(Duties in charge) General Manager, Tokyo Metropolitan Branch</p>	55,000

Candidate Number	Name (Date of Birth)	Profile (Position and Responsibilities, and Important Position of Other Organizations Concurrently Assumed (if any))	Number of Company's Shares Held by Candidate
9	Katsuhiko Terai (January 5, 1958)	<p>April 1980 Joined the Company</p> <p>January 2005 CEO, Nippon Express (Suzhou) Co., Ltd.</p> <p>June 2007 General Manager, Sales Promotion Division III, Tokyo International Transport Branch</p> <p>May 2009 General Manager, Yokohama International Transport Branch</p> <p>June 2011 General Manager, Marine Transport Business Division</p> <p>May 2012 Executive Officer, Regional General Manager, Chubu Region, and General Manager, Nagoya Branch</p> <p>May 2015 Managing Executive Officer, and General Manager, Marine Transport Business Branch</p> <p>June 2015 Director, Managing Executive Officer, and General Manager, Marine Transport Business Branch (Incumbent)</p> <p>(Duties in charge) General Manager, Marine Transport Business Branch</p>	40,000
10	Fumihiko Sakuma (March 24, 1959)	<p>April 1982 Joined the Company</p> <p>November 2005 General Manager, Fukaya Branch</p> <p>January 2007 General Manager, Saitama Chuo Branch</p> <p>October 2008 General Manager, Saitama Branch</p> <p>June 2011 General Manager, Business Division</p> <p>December 2013 Executive Officer, Regional General Manager, North Kanto & Shin-Etsu Region, and General Manager, Gunma Branch</p> <p>May 2015 Executive Officer</p> <p>June 2015 Director and Executive Officer (Incumbent)</p> <p>(Duties in charge) In charge of Corporate Planning Division, Group Management Division and Information Technology Promotion Division</p>	44,000

Candidate Number	Name (Date of Birth)	Profile (Position and Responsibilities, and Important Position of Other Organizations Concurrently Assumed (if any))	Number of Company's Shares Held by Candidate
11	Susumu Akita (September 7, 1959) New Candidate	<p>April 1982 Joined the Company</p> <p>May 2005 Group General Manager, General Affairs & Labor Division</p> <p>November 2007 Group General Manager, Delivery Business Unification Promotion Headquarters</p> <p>February 2008 Planning Director, Japan Post Co., Ltd.</p> <p>June 2008 Director, JPEXpress Co., Ltd.</p> <p>July 2010 Planning Director, Delivery Business Unification Division, Japan Post Co., Ltd.</p> <p>January 2011 Chief Managing Officer, Domestic Business Headquarters</p> <p>June 2011 General Manager, General Affairs & Labor Division</p> <p>May 2014 Executive Officer, Regional General Manager, Tohoku Region, and General Manager, Sendai Branch</p> <p>May 2016 Executive Officer (Incumbent) (Duties in charge) In charge of Public Relations & Advertising Division, General Affairs & Labor Division, Business Division, Nittsu Group University and Corporate Social Responsibility Division</p>	23,000
12	Naoya Hayashida (April 19, 1959)	<p>April 1983 Joined the Company</p> <p>February 2007 Group General Manager, Consolidated Finance Group of Accounting Division</p> <p>May 2007 Group General Manager, Budget & Planning Group of Accounting Division</p> <p>May 2009 General Manager, Fukui Branch</p> <p>October 2010 General Manager, Finance & Accounting Division, Nippon Express USA, INC.</p> <p>May 2013 Served at Personnel & Industrial Relations Division, NITTSU SHOJI CO., LTD. (Full-time Associate Director)</p> <p>June 2013 Director and Executive Officer, NITTSU SHOJI CO., LTD.</p> <p>May 2015 Executive Officer and General Manager, Finance & Accounting Division</p> <p>June 2015 Director, Executive Officer and General Manager, Finance & Accounting Division (Incumbent) (Duties in charge) In charge of Finance & Accounting Division and General Manager, Finance & Accounting Division</p>	15,000

Candidate Number	Name (Date of Birth)	Profile (Position and Responsibilities, and Important Position of Other Organizations Concurrently Assumed (if any))	Number of Company's Shares Held by Candidate
13	Masahiro Sugiyama (February 25, 1941) Outside Director	<p>April 1971 Research Assistant, Waseda University School of Commerce</p> <p>April 1974 Lecturer, Waseda University School of Commerce</p> <p>April 1976 Associate Professor, Waseda University School of Commerce</p> <p>April 1977 Guest Researcher, Faculty of Law and Economics, University of Bonn, Germany</p> <p>April 1981 Professor, Waseda University School of Commerce and Graduate School of Commerce (From 2004, Professor, Waseda University Faculty of Commerce, due to the organization's name change)</p> <p>May 2011 Emeritus Professor, Waseda University (Incumbent)</p> <p>June 2014 Director, the Company (Incumbent) (Important Position of Other Organizations Concurrently Assumed) Chairman, Highway Industry Development Organization Vice Chairman, Japan Automobile Federation Director and Auditor, Japan Automobile Manufacturers Association</p>	3,000
14	Shigeo Nakayama (April 3, 1952) Outside Director	<p>April 1978 Certified as an attorney (Daiichi Tokyo Bar Association) Joined Law Firm of Naritomi Yasunobu</p> <p>April 1987 Founded Law Firm of Nakayama Shigeo (In April 2005, name changed to Law Firm of Nakayama & Otokozawa) (Incumbent)</p> <p>June 2014 Director, the Company (Incumbent) (Important Position of Other Organizations Concurrently Assumed) Outside Corporate Auditor, Shizuoka Daiichi Television Corporation</p>	3,000

Candidate Number	Name (Date of Birth)	Profile (Position and Responsibilities, and Important Position of Other Organizations Concurrently Assumed (if any))	Number of Company's Shares Held by Candidate
15	Sadako Yasuoka (December 2, 1960) Outside Director	<p>January 2005 Lecturer, Muryozan Denzuin Rongo School for Kids (In April 2013, name changed to Muryozan Denzuin Terakoya Rongo School) (Incumbent)</p> <p>August 2007 Teacher of Japanese, Seigakuin Junior & Senior High School</p> <p>October 2008 Representative, Ginza・Terakoya Rongo School for Kids (Incumbent)</p> <p>April 2009 Teacher of the Analects of Confucius (Rongo), Shukutoku SC Junior & Senior High School (Incumbent)</p> <p>November 2013 Representative, Sadako Yasuoka Office (Incumbent)</p> <p>June 2015 Director (Incumbent)</p> <p>(Important Position of Other Organizations Concurrently Assumed) None</p>	3,000

- (Notes)
1. There is no special interest between the Company and each of the candidates.
 2. If the election of Messrs. Masahiro Sugiyama, Shigeo Nakayama and Ms. Sadako Yasuoka is approved and resolved in this proposal, the Company will provide notice to the Tokyo Stock Exchange Incorporated of Messrs. Masahiro Sugiyama, Shigeo Nakayama and Ms. Sadako Yasuoka being independent officers.
 3. The reasons for the selection of Messrs. Masahiro Sugiyama, Shigeo Nakayama and Ms. Sadako Yasuoka for Outside Directors are as follows:
 - (1) Mr. Masahiro Sugiyama has many years of experience in research in the area of transport and freight as a university professor, and therefore the Company requests the shareholders to elect Mr. Sugiyama as Outside Director in the judgment of the Company that he will be able to utilize his abundant experience and deep insight in the management of the Company. Mr. Sugiyama has no direct experience in managing a company, however, based on the above reason, the Company believes he will be able to carry out his duties as Outside Director appropriately.
 - (2) Mr. Shigeo Nakayama has expert knowledge in Labor Law and the Labor Relations Act as an attorney, and therefore the Company requests the shareholders to elect Mr. Nakayama as Outside Director in the judgment of the Company that he will be able to utilize his legal knowledge which he has cultivated over many years and his abundant experience in the management of the Company. Mr. Nakayama has no direct experience in managing a company other than serving as an outside Audit & Supervisory Board Member, however, based on the above reason, the Company believes he will be able to carry out his duties as Outside Director appropriately.
 - (3) Ms. Sadako Yasuoka has been engaged in educational activities for a broad range of generations including research of the Analects of Confucius (Rongo), and therefore the Company requests the shareholders to elect Ms. Yasuoka as Outside Director in the judgment of the Company that she will be able to utilize her profound culture and extensive experience in the management of the Company. Ms. Yasuoka has no direct experience in managing a company, however, based on the above reason, the Company believes she will be able to carry out her duties as Outside Director appropriately.
 4. Office Term of Outside Directors
 - (1) Messrs. Masahiro Sugiyama and Shigeo Nakayama are currently Outside Directors of the Company, and their term of office as Outside Directors will be two (2) years at the close of this Ordinary General Meeting of Shareholders.

(2) Ms. Sadako Yasuoka is currently Outside Director of the Company, and her term of office as Outside Directors will be one (1) year at the close of this Ordinary General Meeting of Shareholders.

5. Agreement to limit Outside Director's liability

In accordance with the Articles of Incorporation, the Company has entered into agreements with Messrs. Masahiro Sugiyama, Shigeo Nakayama and Ms. Sadako Yasuoka which limit Outside Director's liabilities when applicable under the requirements of laws and regulations. The limit of liability under the agreement shall be an amount provided for in the laws and regulations. When the election of Messrs. Masahiro Sugiyama, Shigeo Nakayama and Ms. Sadako Yasuoka is approved and resolved in this proposal, the Company will continue the agreement with them.

Proposal 3: Election of Three (3) Audit & Supervisory Board Members

The term of office of Audit & Supervisory Board Members Messrs. Zenjiro Watanabe and Yuzuru Fujita will expire at the close of this Ordinary General Meeting of Shareholders. To strengthen auditing systems, it is proposed that three (3) Audit & Supervisory Board Members be elected by increasing one auditor.

The submission of this proposal to this Ordinary General Meeting of Shareholders has obtained the prior consent of Audit & Supervisory Board.

The candidates for Audit & Supervisory Board Members are listed below.

Candidate Number	Name (Date of Birth)	Profile (Position and Responsibilities, and Important Position of Other Organizations Concurrently Assumed (if any))	Number of Company's Shares Held by Candidate
1	Tatsuya Suzuki (August 19, 1960) New Candidate	April 1983 Joined the Company October 2006 Group General Manager, Legal Affairs & Compliance Division May 2007 Group General Manager, General Affairs & Labor Division February 2009 General Manager, Hikone Branch June 2011 General Manager, Aomori Branch December 2013 General Manager, Corporate Social Responsibility Division (Incumbent) (Important Position of Other Organizations Concurrently Assumed) None	15,000
2	Toshiaki Nojiri (June 15, 1950) Outside Director New Candidate	April 1979 Joined Nittsu Research Institute and Consulting, Inc. April 1989 Assistant Professor, Faculty of Sociology, Ryutsu Keizai University April 1994 Professor, Faculty of Sociology, Ryutsu Keizai University April 1996 Professor, Faculty of Distribution and Logistics Systems, Ryutsu Keizai University April 2001 Professor, Faculty of Law, Ryutsu Keizai University (Incumbent) April 2001 Head of Registrar's Office, Ryutsu Keizai University November 2002 President, Ryutsu Keizai University November 2008 Retired from President, Ryutsu Keizai University June 2013 Senior Managing Director, Nittsu Gakuen Educational Corporation April 2015 President, Ryutsu Keizai University (Incumbent) (Important Position of Other Organizations Concurrently Assumed) None	0

Candidate Number	Name (Date of Birth)	Profile (Position and Responsibilities, and Important Position of Other Organizations Concurrently Assumed (if any))	Number of Company's Shares Held by Candidate
3	Yoshio Aoki (October 23, 1950) Outside Director New Candidate	November 1974 Joined Peat Marwick Mitchell & Company November 1976 Joined Tohmatsu Awoki & Co. (current Deloitte Touche Tohmatsu LLC) March 1978 Registered as Certified Public Accountant July 1988 Partner, Tohmatsu Awoki & Sanwa (current Deloitte Touche Tohmatsu LLC) July 1995 Representative Partner, Tohmatsu & Co. (current Deloitte Touche Tohmatsu LLC) October 2010 Head, Management Audit Office, Deloitte Touche Tohmatsu LLC December 2015 Director, Certified Public Accountant, Yoshio Aoki & Co. (Incumbent) (Important Position of Other Organizations Concurrently Assumed) Outside Corporate Auditor, NIPPON DENKO CO., LTD.	0

- (Notes)
1. There is no special interest between the Company and each of the candidates.
 2. If the election of Messrs. Toshiaki Nojiri and Yoshio Aoki is approved and resolved in this proposal, the Company will provide notice to the Tokyo Stock Exchange Incorporated of Messrs. Toshiaki Nojiri and Yoshio Aoki being independent officers.
 3. Special notes concerning Outside Audit & Supervisory Board Members are as follows:
 - (1) Reasons for the Company to elect Outside Audit & Supervisory Board Member Candidates
 - (i) The Company proposes Mr. Toshiaki Nojiri as Outside Audit & Supervisory Board Member so that his records and knowledge as expert with professional knowledge in logistics/economy and as organization manager in educational institutions may be reflected in the Company's management. Mr. Toshiaki Nojiri has no direct experience in managing a company, however, based on the above reason, the Company believes he will be able to carry out his duties as Outside Audit & Supervisory Board Member, appropriately.
 - (ii) The Company proposes Mr. Yoshio Aoki as Outside Audit & Supervisory Board Member so that his rich experiences as certified public accountant and professional knowledge on finance/accounting may be reflected in the Company's management. Mr. Yoshio Aoki has no direct experience in managing a company other than serving as an outside corporate auditor, however, based on the above reason, the Company believes he will be able to carry out his duties as Outside Audit & Supervisory Board Member, appropriately.
 - (2) Agreement to limit Outside Audit & Supervisory Board Member's liability
 When the election of Messrs. Toshiaki Nojiri and Yoshio Aoki is approved and resolved in this proposal, the Company will, in accordance with the Articles of Incorporation, enter into an agreement with Messrs. Toshiaki Nojiri and Yoshio Aoki which limit Outside Audit & Supervisory Board Member's liabilities when applicable under the requirements of laws and regulations. The limit of liability under the agreement shall be an amount provided for in the laws and regulations.

Proposal 4: Introduction of Performance-based Stock Compensation Plan for Directors, etc.

The Company proposes to introduce a performance-based stock compensation plan (hereinafter the “Plan”) for its Directors and Executive Officers (excluding Outside Directors, Part-time Directors and those who do not reside in Japan; hereinafter collectively, the “Directors, etc.”).

The Plan is to link the compensation of the Directors, etc. with corporate performance and share value and is introduced using part of the existing “basic compensation” as its source funds. Through this Plan, the Company seeks to further enhance the motivation of the Directors, etc. to contribute to increased corporate value and shareholders value over the medium to long term.

This is to propose to pay stock compensation to Directors, etc. separately from the compensation limit amount (within 55 million yen a month) for the Directors, etc. approved at the 100th Ordinary General Meeting of Shareholders held on June 29, 2006.

The proposal is to indicate the amount and content of compensation, etc. for Directors in the total compensation including that for Executive Officers based on the Plan. If Proposal 2, “Election of Fifteen (15) Directors” is approved as originally proposed, the number of Directors eligible for the Plan will be twelve (12). In addition, the number of eligible Executive Officers (those who do not concurrently serve as Directors at the present) will be fifteen (15).

1. Amount, content, etc. of compensation under the Plan

(1) Outline of the Plan

The Plan is a performance-based stock compensation plan for Directors, etc. using the trust.

Under the Plan, the Company will contribute money not exceeding 400 million yen for compensation for the Directors, etc. for every assessment target period over the three business years and establish a trust of about three-year period with the Directors, etc. who satisfy the beneficiary requirements as beneficiaries (hereinafter the “Trust”). According to the instructions of the trust administrator, the Trust will acquire the shares of the Company from the stock market using the entrusted money. (See (2) below.)

During the trust term, in accordance with the share delivery rules, the Directors, etc. will be granted a certain number of points increasing or decreasing according to the factors including the level of attainment of the corporate performance targets of each business year belonging to the assessment target period and the level of attainment of the corporate performance targets through the assessment target period. (See (3) below.)

The Directors, etc. who meet the designated requirements will, in principle, receive the Company’s shares and money equivalent to the amount obtained by converting the number of the Company’s shares into cash (hereinafter the “Share Delivery”) from the Trust according to the number of owned points following the expiry of the assessment target period. (See (4) below.)

(i) Persons who are eligible for the Share Delivery under this Proposal

a. Directors, etc. (excluding Outside Directors, part-time Directors and those who do not reside in Japan)
b. Surviving family of the Directors, etc. (excluding those who do not reside in Japan) who meet the designated requirements

(ii) Influence of the Company’s shares subject to this Proposal on the total number of the Company’s issued shares

a. Upper limit of money to be contributed to the Trust	400 million yen for each three-year trust term
b. Upper limit of the number of the Company’s shares for the Share Delivery from the Trust for each trust term	900,000 shares for each three-year trust term (300,000 shares per year)
c. Ratio of the upper limit of the number of the Company’s shares for the Share Delivery against the total number of issued shares	Approximately 0.09% for each three-year trust term (Approximately 0.03% per year)
d. Method of acquiring the Company’s shares by the Trust	To be acquired from the stock market

(Note) The ratio in c. above is calculated by excluding the treasury shares as of March 31, 2016 and rounded up to two decimal points.

(iii) Details of linkage to performance under the Plan

a. Performance assessment index
i) Consolidated net sales, consolidated operating income, etc. for each business year during the assessment target period
ii) Consolidated net sales, consolidated operating income, consolidated ROA (return on assets), etc. through the assessment target period
b. Variation range of linkage to performance
The level of performance-based assessment varies in a range between 0% and 150% with the base level corresponding to the performance targets, etc. being set to 100%.

(iv) Timing and details of Share Delivery for the Directors, etc.

a. Timing	After the expiry of the assessment target period of three business years
b. Details	Delivery of the Company's shares and payment of money equivalent to the amount obtained by converting the number of the Company's shares into cash

(2) Upper limit of money to be contributed to the Plan

Under the Plan, the Company will set the three business years from the business year ending on March 31, 2017 to the business year ending on March 31, 2019 as the initial assessment target period, contribute money not exceeding 400 million yen for said assessment target period, and establish the Trust whose term is from September 2016 to August 2019 (planned). Using this contributed money as funds, the Trust will acquire the Company's shares for the Share Delivery to the Directors, etc. from the stock market.

Even after the expiry of the initial assessment target period, the Company may continue the Plan by setting a new assessment target period of three business years and the same shall apply to the assessment target period thereafter. In continuing the Plan, the Company may extend the Trust instead of setting a new trust by changing the trust agreement and contributing additional money. The upper limit of money to be contributed or to be contributed additionally shall be 400 million yen for each trust term, and the trust term to be extended shall be, in principle, the same term as the initial trust term.

In addition, the Company's shares remaining in the Trust at the time of extending the Trust (which are for the Share Delivery corresponding to the points granted to the Directors, etc. at the time of extending the Trust but excluding those whose Share Delivery is not completed) can be used as shares for the Share Delivery corresponding to a new assessment target period, and the money can be used for acquiring shares for the Share Delivery corresponding to a new assessment target period.

(3) Calculation method and upper limit of the number of the Company's shares for the Share Delivery to the Directors, etc.

The number of the Company's shares for the Share Delivery to the Directors, etc. shall be calculated based on the points to be granted according to the position of the Directors, etc. and the level of attainment of the performance targets.

At first, on the day which is set as a base day of each business year belonging to the assessment target period, points to be set according to the post as the base points for said business year (hereinafter the "Basic Points") are granted to the Directors, etc. who meet designated requirements. The Basic Points will be increased or decreased according to the attainment level, etc. of various performance targets including consolidated net sales and consolidated operating income in the business year related to said points and the number of the points in said business year (hereinafter the "Year Points") is decided. (The work to decide the number of the Year Points is hereinafter referred to as the "Year Performance Assessment.") The Year Points will be accumulated during the assessment target period including the business years related to said points. If, however, the Directors, etc. engage in any act that is deemed to be inappropriate in light of the aim of the Plan to enhance corporate value and shareholders value over the medium to long term, such as violation of laws and regulations, and the regulations of the Company, the held points may be forfeited.

After the expiry of the assessment target period, the total number of the Year Points accumulated during said assessment target period will be increased or decreased according to the level of attainment of each performance target such as consolidated net sales, consolidated operating income

and consolidated ROA (return on assets) through the assessment target period and the final points will be decided for said assessment target period. (The work to decide this final number of points is hereinafter referred to as the “Mid-term Performance Assessment.”)

The range to increase or decrease according to the attainment, etc. of the performance targets is from 0% to 150% with the base level corresponding to the performance target, etc. being set to 100% throughout the Year Performance Assessment and the Mid-term Performance Assessment.

One point shall correspond to one share of the Company’s shares*, and the Directors, etc. who satisfy the beneficiary requirements will receive Share Delivery corresponding to the points held by said Directors, etc. after the expiry of the assessment target period. (See the following (4).)

The upper limit of the number of the Company’s shares (points) which are subject to the Share Delivery corresponding to one business year under the Plan shall be 300,000 shares (300,000 points). As such, the upper limit of the number of the Company’s shares belonging to the Trust for each trust term of three years shall be 900,000 shares (900,000 points), the number obtained by multiplying the number of the Company’s shares for the Share Delivery corresponding to one business year by the number of years of the assessment target period, which is three.

* If a share split, reverse share split, etc. is implemented during the trust term and it is considered to be appropriate to adjust the number of points and the Company’s shares, such adjustment shall be made to the number of the Company’s shares per point according to the ratio of the share split, reverse share split, etc.

(4) Timing and details of Share Delivery for the Directors, etc.

The Directors, etc. who satisfy the beneficiary requirements will, in principle, receive Share Delivery after the expiry of the assessment target period.

The half of the Company’s shares corresponding to the points held by the Directors, etc. (the number of shares less than one trading unit will be rounded down) shall be delivered in the form of the Company’s shares. The remaining half of the Company’s shares corresponding to the points will be paid in cash equivalent to the amount obtained by converting the remaining number of the Company’s shares into cash within the Trust for the purpose of paying income tax, etc. (The amount of money after paying taxes by the Company shall be paid to the Directors, etc.)

If, however, the Directors, etc. retire from office during the assessment target period, the Company will deliver the shares for the points held by such Directors, etc. at the time when such Directors, etc. retire. The details of Share Delivery shall be the same as the Share Delivery to be made after the expiry of the assessment target period.

In addition, if the Directors, etc. die during the trust term, the Company will convert the Company’s shares corresponding to the points held by said Directors, etc. at the time when said Directors, etc. died into money at the Trust and deliver the money equivalent to such converted amount to the surviving family who satisfy designated requirements.

(5) Exercise of voting rights related to the Company’s shares within the Trust

To maintain neutrality of the Trust to the Company’s management, the voting rights of the Company’s shares within the Trust shall not be exercised.

(6) Handling of the dividends to the Company’s shares within the Trust

The dividends to the Company’s shares within the Trust shall be received by the Trust and used for trust expenses such as trust administration fee. At the time of the expiry of the Trust, if there is a surplus after paying trust expenses, it will be contributed to organizations that have no conflict of interest with the Company and the Directors, etc.

(7) Handling of the Company shares remaining within the Trust at the time of the expiry of the Trust

The Company’s shares remaining within the Trust at the time of the expiry of the Trust shall be transferred to the Company without compensation, provided that the Company will subsequently cancel these shares as a measure for the return to shareholders.

(8) Other details of the Plan

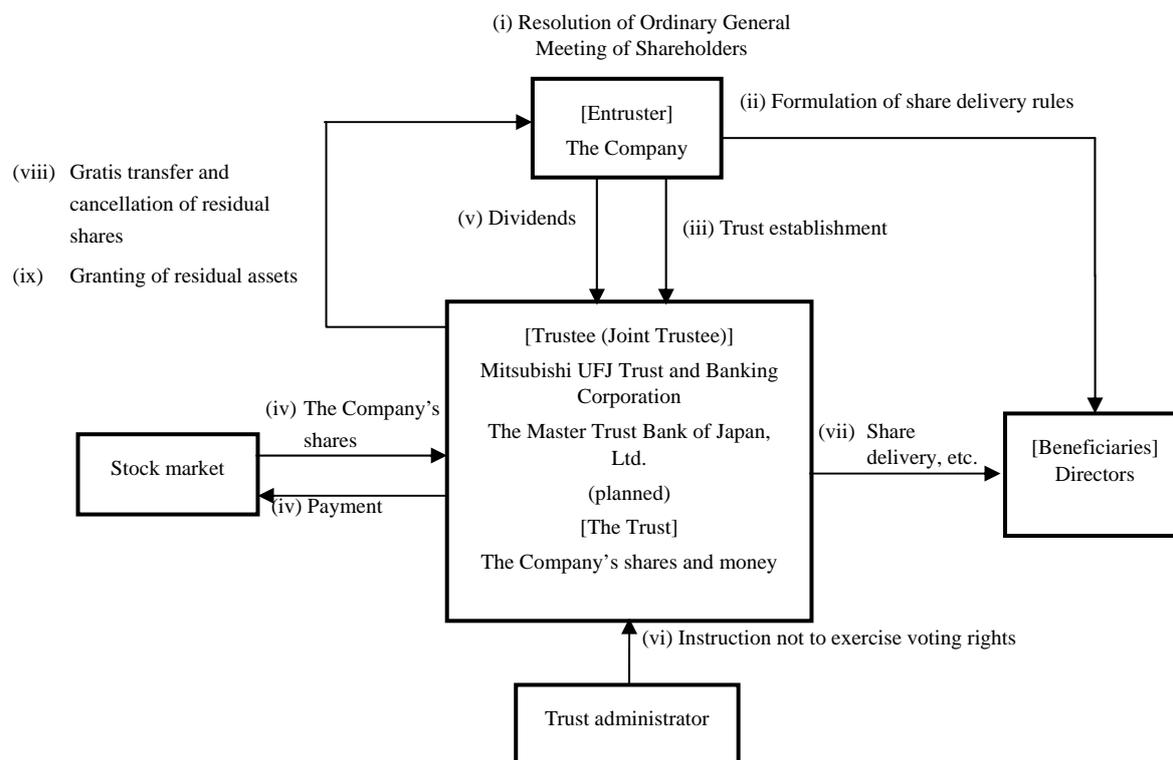
Other details of the Plan shall be determined by the Board of Directors whenever the Trust is established, the trust agreement is revised and additional contribution to the Trust is made.

In addition, for the Plan, please refer to “Notice of Introduction of Performance-based Stock Compensation Plan” released on April 8, 2016.

(Note) In the “Notice of Introduction of Performance-based Stock Compensation Plan” as of April 8, 2016, the eligible persons for the Plan are described as “Officers,” but in this proposal, they are described as “Directors, etc.” since this proposal is related to compensation, etc. of Directors. There are no changes in the scope of eligible persons for the Plan.

(Reference)

Outline of the Plan



- (i) The Company will obtain approval for executive compensation in relation to the introduction of the Plan at this Ordinary General Meeting of Shareholders.
- (ii) The Company will formulate the rules for executive compensation in relation to the Plan (hereinafter the "share delivery rules") at the meeting of the Board of Directors.
- (iii) The Company will entrust money to the extent approved at this Ordinary General Meeting of Shareholders in (i) above and establish a trust with Directors, etc. who satisfy the beneficiary requirements as beneficiaries (hereinafter the "Trust").
- (iv) In accordance with the trust administrator's instructions, the Trust will acquire the Company's shares from the stock market using the entrusted money in (iii) within the upper limit approved at the Shareholders' Meeting in (i).
- (v) Dividends for the Company's shares in the Trust will be distributed in the same way as for other shares.
- (vi) The voting rights entitled to the Company's shares in the Trust will not be exercised during the trust term.
- (vii) During the trust term, in accordance with the share delivery rules, the Directors, etc. will be granted a certain number of points according to the factors including the level of attainment of the performance targets. The delivery, etc. of the Company's shares from the Trust will be conducted for the Directors, etc. who satisfy the beneficiary requirements based on the points held. The half of the shares will be delivered in the form of the Company's shares (the number of shares less than one trading unit will be rounded down) and the remaining half will be paid in cash equivalent to the amount obtained by converting the remaining number of the Company's shares into cash.
- (viii) If there are residual shares at the expiry of the trust term, due to non-attainment of the performance targets or other reasons during the trust term, the Company may continue to use the Trust by means of revising the trust agreement and contributing additional money to the Trust, or the residual shares will be transferred from the Trust to the Company without compensation and the Company will cancel these shares by resolution of the Board of Directors.
- (ix) At the time of the liquidation of the Trust, residual assets after distribution to beneficiaries are to be granted to the Company within the scope of the reserve for trust expenses after deducting funds to acquire the Company's shares from trust money.

[Contents of the trust agreement]

Type of trust	Monetary trust other than a specified solely-administered monetary trust (third-party beneficiary trust with beneficiaries yet to exist)
Purpose of trust	To provide incentives to the Directors, etc. of the Company
Entruster	The Company
Trustee	Mitsubishi UFJ Trust and Banking Corporation (planned) (Joint Trustee: The Master Trust Bank of Japan, Ltd.) (planned)
Beneficiaries	Directors, etc. who satisfy the beneficiary requirements
Trust administrator	Third party having no conflict of interest with the Company (certified public accountant)
Date of trust agreement	August 2016 (planned)
Trust term	September 2016 to August 2019 (planned)
Commencement of the Plan	September 2016 (planned)
Exercise of voting rights	Voting rights will not be exercised
Class of shares to be acquired	Common stock of the Company
Upper limit of trust money	400 million yen (including trust fees and trust expenses)
Rights holder	The Company
Residual assets	The Company, as the rights holder, may receive residual assets within the scope of the reserve for trust expenses after deducting funds to acquire the Company's shares from trust money.

[Details of administration relating to the trust and shares]

Trust-related administration	Mitsubishi UFJ Trust and Banking Corporation and The Master Trust Bank of Japan, Ltd. are to be the trustees of the trust used in this Plan and will conduct trust-related administration.
Share-related administration	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. will conduct administration related to the delivery of the Company's shares to beneficiaries based on the administration service contract.

Proposal 5: Presentation of Bonuses to Directors

Taking into account the amounts provided as bonuses in the past and the results of operation for the business year under review, it is proposed that a total amount of 90,000,000 yen for bonuses be paid to a total of twelve (12) Directors excluding three (3) Outside Directors as a group.